STRENGTHENING AND IMPROVING REGULATED MARKETING AND SUPPLY MANAGEMENT IN BRITISH COLUMBIA

BACKGROUND

The regulation of markets, including supply management, has been under scrutiny for several years, and from several directions. Regulated marketing, in general, and supply management, in particular, face an uncertain policy environment. This government intends to take a variety of steps in order to ensure that any policy changes in regulated marketing and supply management in British Columbia are constructive, evolutionary and equitable.

Challenges to the existing, first-generation system of regulated marketing and supply management have, at their source, a variety of international, national, and provincial events.

International Events

Multilateral Trade Negotiations in Agriculture, part of an international review by the General Agreement on Tariffs and Trade, is challenging import quotas, one of the three pillars of supply management, through a "tariffication" proposal. While primary supply-managed commodities may escape tariffication, processed dairy and poultry products are not likely to be exempted. Consequently, the competitive position of food processors utilizing dairy, poultry or egg products will be directly impacted.

National Events

The federal government has provided its own perspective on domestic agricultural policy change. Key policy guidelines were published in 1989 in a document entitled, Growing Together: A Vision for Canada's Agri-Food Industry. This vision was intended to influence all sectors of agriculture, not only regulated markets. Four "pillars" were established to guide the direction of national agri-food policy change:

1. More market responsiveness, involving reduction of domestic and international barriers to trade, and development of new and more highly processed products.

2. Greater self-reliance, essentially requiring a change in the delivery systems of government support programs.

3. Recognition of regional diversity, whereby policy differences are based on geographical differences.

4. Increased environmental sustainability, to raise the priority given to environmental concerns within the agri-food policy structure.

For the supply management sector, federal initiatives for policy change have taken a variety of forms.

1. The overall policy objective of the federal government was the implementation of "second generation" supply management systems in Canada. Second generation supply management means:

   - all industry stakeholders must participate in the decision-making process;
   - the decision-making process must be transparent and accountability must be clear;
   - the institutions and legislation pertaining to supply managment must contribute to the effectiveness and efficiency of the system;
   - stakeholders must have access to a binding and impartial dispute resolution mechanism; and
   - federal-provincial agreements must be flexible.

2. The Dairy and Poultry Task Forces brought this initial federal government statement closer to operational policy and program change in the existing supply management systems. Out of the task force reports came specific industry recommendations for change.

3. Responsibility for implementing the task force recommendations has been given to the Supply Management Steering Committee, with representation by all provincial governments, and all industry stakeholders.

4. More recently, the Federal Minister of Agriculture has instructed the new Chair of the National Farm Products Marketing Council (NFPMC) to proceed to implement the principles of second-generation supply management in the national agencies.

Provincial Events

Within British Columbia, a review of the British Columbia Marketing Board, undertaken by Clair Buckley Associates, recognized that the environment for regulated marketing and supply management was changing. The October, 1990 report, The British Columbia Marketing Board: Issues and Challenges, contained several industry-based recommendations on how to improve the regulatory framework in the province.

Given the challenges facing regulated marketing in British Columbia, the Minister, the Ministry and the BCMB have undertaken to respond, subject to certain themes. They include support for effective supply management systems; the need for adherence by all stakeholders to established rules; a commitment to second-generation supply management principles; ongoing industry consultation; and an independent supervisory provincial marketing board.

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PROPOSALS AND INITIATIVES

Improvements to the current policy mix and related regulated marketing institutions continue to be pursued, in support of a system that addresses the needs of all industry stakeholders. Recent policy proposals and B.C. Marketing Board and/or Ministry initiatives in response, are detailed below.

Provincial government publicly reaffirm its support for regulated marketing and supply management.

- Letter to commodity supply management board chairs dated May 5, 1991, reaffirming support for marketing boards and effective supply management.
- Speech from the Throne, March 17, 1992. A statement by the government strongly supporting supply management.
- Speech to the Annual Meeting of the B.C. Egg Marketing Board, March 13, 1992.
- Trip to Geneva, in November 1991, supporting Article XI of the GATT.

Clarify the role and objectives of the B.C. Marketing Board.

- Action - that the B.C. Marketing Board Strategic Plan be released in June, 1992.

Broader industry representation on the B.C. Marketing Board to include more stakeholders.

- Appointment of a processor representative to the B.C. Marketing Board in May, 1992.

Provide additional resources to the B.C. Marketing Board, to ensure the regulated marketing system is adequately serviced.

- A general manager, an administrative officer, and support staff were hired during 1991/92.

- An additional $150,000 was added to the B.C. Marketing Board's budget and a separate vote was established for the B.C. Marketing Board for 1992/93.

- Additional staff (1 FTE) has been approved for allocation to B.C. Marketing Board to further strengthen the supervisory board efforts.

Physically separate the B.C. Marketing Board from the B.C. Ministry of Agriculture, Fisheries and Food, to affirm the independence of the B.C. Marketing Board.

- The B.C. Marketing Board's offices were moved into separate quarters away from the Ministry in May, 1991.

Clarify the role of the B.C. Ministry of Agriculture, Fisheries and Food with respect to the B.C. Marketing Board.

- A Memorandum of Understanding (MOU) has been developed by the two parties. This document was approved and released in June, 1992.

Ministry to undertake consultations with the Council of Marketing Boards and other industry stakeholders in order to share relevant information.

- A B.C. Consultative Committee has been established in order for the deputy minister to obtain input from and report back to B.C. industry stakeholders on developments at the National Supply Management Steering Committee.

- B.C. signatories to the national egg marketing plan have met to discuss regulated marketing issues and to review the federal-provincial agreement on eggs.

Revise the B.C. Marketing Board appeals system to ensure the process is thorough, fair and clear.

- The B.C. Marketing Board has adjusted the appeal process to include a mediation process. Further changes are contemplated.

The B.C. Marketing Board and/or the Ministry to undertake information seminars with industry stakeholders.

- The B.C. Marketing Board, in cooperation with the Ministry, is drafting a series of information packages for the use of industry. This process is being expedited.

The BCMB should provide an Annual Report.

- The B.C. Marketing Board published an Annual Report for 1990-91 and has prepared and submitted for publishing an Annual Report for 1991-92.